

Message Text

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61

ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 AGR-20 AID-20 IO-14 RSC-01

COME-00 TRSE-00 SWF-02 CIAE-00 DODE-00 INR-10 NSAE-00

PA-04 USIA-15 PRS-01 SPC-03 SAM-01 TAR-02 L-03 LAB-06

SIL-01 OMB-01 DRC-01 /133 W
----- 056170

R 271724Z FEB 74

FM AMEMBASSY PANAMA
TO SECSTATE WASHDC 9930
INFO AMEMBASSY BOGOTA
AMEMBASSY GUATEMALA
AMEMBASSY MANAGUA
AMEMBASSY ROME
AMEMBASSY SAN JOSE
AMEMBASSY TEGUCIGALPA
AMEMBASSY QUITO

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EO 11652: N/A

TAGS: ETRD, PN, CS, HO, GT, EC

SUBJ: PROPOSED EXPORT TAX ON BANANAS

REF: SAN JOSE 742, 681 AND QUITO 1222, 1275

BEGIN UNCLASSIFIED.

SUMMARY: LOCAL PRESS REPORTS FORMATION OF INTERNATIONAL BANANA
PRODUCING COUNTRIES UNION CONSISTING OF COSTA RICA, HONDURAS,
GUATEMALA, AND PANAMA. PRESS ALSO REPORTED AGREEMENT BETWEEN
PRESIDENT OF UNITED BRANDS, ELI BLACK, AND GENERAL TORRIJOS IN
FAVOR OF FORMATION OF LATIN AMERICAN COMMON FRONT TO PROMOTE
BANANA PRICE INCREASE. PROPOSED PRICE INCREASE WOULD RAISE
PANAMA'S EXPORT TAX FROM THREE CENTS TO TWO DOLLARS PER BOX.
END SUMMARY

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1. ACCORDING TO FEBRUARY 26 ISSUES OF LA ESTRELLA DE PANAMA AND STAR AND HERLAD, COSTA RICA, HONDURAS, GUATEMALA AND PANAMA FORMED THE INTERNATIONAL BANANA PRODUCING COUNTRIES UNION ON FEBRUARY 23, 1974, AND URGED OTHER NATIONS TO JOIN.

2. THE FEBRUARY 22 ISSUE OF EL PANAMA AMERICA STATED THAT PANAMANIAN CHIEF OF GOVERNMENT TORRIJOS, FIGUERES OF COSTA RICA, AND HONDURAN CHIEF OF STATE OSWALDO LOPEZ ARELLANO REACHED AGREEMENT BY TELEPHONE TO OBTAIN AN IMMEDIATE INCREASE IN THE WORLD MARKET PRICE OF BANANAS. THE PANAMA AMERICA ALSO REPORTED THAT THORRIJOS MET WITH ELI BLACK, PRESIDENT OF UNITED BRANDS WHICH IS PARENT COMPANY OF PANAMA'S LARGE BANANA PRODUCING COMPANY, CHIRIQUI LAND COMPANY. BLACK AND TORRIJOS WERE REPORTED TO HAVE REACHED AGREEMENT IN FAVOR OF FORMATION OF A COMMON LATIN AMERICAN FRONT TO PROMOTE AN INCREASE IN THE PRICE OF BANANAS. END UNCLASSIFIED

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COMMENT. A REPRESENTATIVE OF CHIRIQUI LAND COMPANY CONFIRMED THAT PANAMA AMERICA REPORT BASICALLY CORRECT, BUT EXPRESSED SKEPTICISM THAT AN INCREASE IN BANANA EXPORT PRICE COULD BE PASSED ON TO CONSUMERS. HE REMARKED THAT THE PRICE OF BANANAS CANNOT BE REGULATED IN THE MANNER OF PETROLEUM PRICES. HE INDICATED THAT, ALTHOUGH THE COOPERATION OF ECUADOR WOULD BE ESSENTIAL TO ACHIEVEMENT OF INCREASE IN BANANA PRICES, EVEN THEN, SUCCESS OF SUCH A VENTURE REMAINS DOUBTFUL. HE ADDED THAT MECHANISM INVOLVED IN PRICE INCREASE WOULD AMOUNT TO INCREASE OF PANAMA EXPORT TAX FROM ABOUT THREE CENTS PER BOX TO TWO DOLLARS PER BOX. END LIMITED OFFICIAL USE.

SAYRE

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Message Attributes

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